EFFECTIVE AID STRATEGIES TO SUPPORT DEMOCRACY IN AFRICA

By

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EXTERNAL INFLUENCES AND DEMOCRACY IN AFRICA

External actors have long shaped the trajectory of democracy in Africa. During the Cold War, rival superpowers propped up autocrats of different stripes for decades. Toward this end, paradoxically, Western democracies regularly and purposively undermined democratic reformers lest they threaten the hold on power of an autocratic ally. The superpower competition simultaneously sparked and sustained many of Africa's post-colonial civil wars – the repercussions of which continue to hinder democratization efforts on the continent. The end of the Cold War, in turn, ushered in a period of unprecedented democratic expansion in Africa. Democratic transitions in Eastern Europe and Latin America triggered demands for political liberalization in first a trickle and then a flood of African countries. By 1995, 25 Sub-Saharan African countries had adopted some form of democratic system. By the late 1990s, none of Sub-Saharan Africa's 48 states retained a *de jure* one-party state. The monopoly on power that Africa's ruling parties had held for decades had been broken.

Despite these advances, Africa's democratization experience is still a work in progress – and a fragile one at that. Nearly half of the states in Sub-Saharan Africa remain autocratic in nature. And the neo-patrimonial norms that became entrenched during the Cold War continue to pose challenges to many of the democratizers.

Significant expansions in funding to promote democracy accompanied this period of political transition. Globally, annual allocations have risen from around $120 million in 1990 to over $2 billion today – of which roughly a fifth is targeted to Africa. This contrasts with overall aid levels that steadily declined during the 1990s before rising again after 2001.

Africa's post-Cold War democratization surge has shown that external influences, including the liberalization of neighboring countries, has affected the pace and scope of change. But what influence has aid had on Africa's democratic advances? Understanding this holds important lessons for how external actors can more effectively help democracy in Africa to progress. Given democracies' lower propensity for conflict, economic instability, and humanitarian crisis, the implications are potentially far-reaching.

This paper assesses this impact by first reviewing the steps in the process of democratic transition. It then takes stock of Africa's highly divergent movement toward democracy. With this background in place, the paper examines the extent to which aid has contributed to Africa's democratic progress by reviewing results from cross-national analyses and experiences in Benin, Niger, and Mali. Relevant insights are then synthesized for each stage of democratization. The paper concludes with key policy implications that emerge from these observations.

STAGES OF DEMOCRATIC TRANSITION

An often heard adage is that democracy is about more than elections. That is, elections are a means of selecting leaders. They do not, by themselves, constitute a democratic political system. At a minimum, guarantees of (1) popular participation based on an acceptance of political equality among all citizens and respect for civil liberties, and (2) meaningful checks and balances on executive power are also needed (Dahl 1998; Dahl 1989; Gurr, Jaggers, and Moore 1990).

Building the institutions required to meet these thresholds takes time, reflecting the reality that democratization is a process rather than an event. Accordingly, it is more instructive to think about a particular country's progress on a continuum than simply to categorize all political systems as either democracies or non-democracies.

Democracy promotion practitioners often talk of democratization occurring in four stages – opening, breakthrough, transition, and consolidation. The opening is the period when a modicum of democratic space is created. Some political debate and liberalization becomes possible and competing perspectives within the ruling party on how the state should be governed come into public view. The breakthrough stage, which may unfold suddenly or incrementally, is the period when a new democratic system emerges – often enshrined in a new constitution. Free speech and multiparty elections become the norm and leaders from outside the ruling party may come to power. The transition phase, usually lasting 10-15 years following a breakthrough, is a period of realigning political institutions along a democratic track. Consolidation is the period when democracy becomes accepted by all major political actors as "the only game in town." Only leaders who gain power through the established transparent and competitive process are accorded the legitimacy needed to govern. At this stage, peaceful alterations of power are customary.

While a useful construct, it is wrong to assume that democratizers automatically and sequentially pass through each of these stages (Carothers 2002). In practice, this process is rarely smooth. In fact, 45% of contemporary democratizers (globally and in Africa) have experienced at least one episode of democratic backtracking. Half of these cases occur in the first six years of a democratic transition. However, two-thirds of these backtrackers subsequently regain their democratic momentum, typically within three years. Accordingly, short-term democratic advances should not be prematurely labeled a "success" nor should setbacks be cast as irrevocable failures.

An underappreciated impediment to Africa's democratization is its history of civil conflicts. Conflict research has shown that half of all civil conflicts that have ended revert to conflict within five years (Collier 2000). African countries that have made the most significant progress toward democracy have generally only experienced minor armed conflict (e.g. Benin, Ghana, Mali, and Senegal). In contrast, the democratic progress of African countries that have suffered from protracted experiences of civil and communal warfare has been slow and limited (owing not only to the shattered economy, infrastructure, and institutions but to the deep political and ethnic polarization that sets in) (Marshall and Gurr 2005). It remains to be seen whether as more of these conflicts are resolved and time since their resolution passes, Africa's post-conflict democratizers will be able to break this pattern.

Democratic transitions are further confounded by the fact that, in some cases, the democratization process stalls. That is, the process of political liberalization plateaus for an extended period of time (e.g. 5 years), at a stage short of democracy. Experience shows that such plateaus typically reflect some sort of democratic blockage. This may be leaders who are not genuinely committed to a democratic transition but who want to reap the benefits of being perceived as on a democratic path. These "semi-authoritarians" (Ottoway 2002) or "pseudo-democratizers" may adopt some of the outward trappings of democracy, including opposition parties, periodic elections, and basic civil liberties. Yet, power remains firmly monopolized by the ruling party. Democratic transitions also stall when erstwhile reformers attempt to skirt democratic checks and balances or extend their terms in office. The political polarization or de facto one-party political systems that can emerge from such cases subvert democratization.

Owing to these constraints, Africa's democratic transition is marked by divergence (Siegle 2006). Despite the historic progress, just under half of African governments retain autocratic tendencies (see table below). This includes a fair share of democratic charlatans (classified here as semi-authoritarians). Nonetheless, incremental progress continues to be made. Mauritania, Burundi, and the Democratic Republic of the Congo, for example, have shifted into the democratizer column in recent years.

Categorization of African Political Regimes in 2007[1]

Consolidating Democracies	**Democratizers**	**Semi-Authoritarians**	**Autocracies**
Benin	Burundi	Angola	Cameroon
Botswana	Comoros	Burkina Faso	Chad
Cape Verde	Dem. Rep. of Congo	Central African Rep.	Equatorial Guinea
Ghana	Kenya	Congo	Eritrea
Lesotho	Liberia	Cote d'Ivoire	Gabon
Mali	Madagascar	Djibouti	Guinea
Mauritius	Malawi	Ethiopia	Somalia
Namibia	Mauritania	Gambia	Sudan
Sao Tome & Principe	Mozambique	Guinea Bissau	Swaziland
Senegal	Niger	Rwanda	Zimbabwe
South Africa	Nigeria	Togo	
	Seychelles		
	Sierra Leone		
	Tanzania		
	Uganda		
	Zambia		

1 Categorizations based on Polity IV and Freedom House democracy indices. Consolidating democracies are countries that have established democratic political systems and are in the process of institutionalizing these processes to a point where autocratic reversions are highly unlikely. The democratizers category captures political systems that have made observable gains toward the establishment of democratic institutions. While at different stages of progress, their trajectory remains generally upward. Nonetheless, their democratic prospects remain fragile and backsliding toward autocracy remains a distinct possibility. Semi-authoritarians are a class of autocratic regime that have adopted certain trappings of democracy (such as a parliament, opposition parties, and elections), though have retained ultimate control over nearly all levers of power. These governments wish to accrue the international credibility that comes from being labeled a democracy without actually engaging in a system of shared power. Autocracies are political systems where power remains concentrated in the hands of an unelected leader or party. There is no political competition to speak of, limited scope for civil society, and coercion is employed to implement the policies of the state.

WHY IT MATTERS: IMPLICATIONS OF DEMOCRATIZATION IN AFRICA

Africa's democratic divergence matters since the caliber of a country's democracy is linked to other pressing priorities facing the continent: growth, social development, economic stability, conflict, and humanitarian crises.

Insight into the differences generated by alternative regime types can be gleaned by comparing the performance of Africa's democracies and autocracies – that is, those categories at each end of the governance spectrum where political systems have been relatively stable over the past decade. Consolidating democracies have realized aggregate expansions in per capita incomes of 13 percent, on average, over the past five years. Autocracies, half of which collect sizeable oil revenues, (e.g. Equatorial Guinea has experienced a seven-fold expansion since 1990) have realized median per capita growth of 8.4 percent during this time. In total, all 11 of the consolidating democracies have overseen economic expansions over the past five years. Median gains in per capita incomes since the mid 1990s have been 25%. The comparative rate for autocracies is 16% (or 8% if the oil-driven growth is excluded).

Growth under African democracies is also five times more stable than growth in the autocratic economies, on average.[2] This pattern is consistent with experience from other regions of the world. This is highly meaningful for societies where large numbers of people are living on the margin and even slight downturns in economic conditions can mean the difference between subsistence and calamity. African democracies are also much more likely to avoid other forms of instability – conflict, famine, and refugee crises. The period since the end of the Cold War has seen a 60% decline in the number of civil conflicts in Africa. Accordingly, the era of most rapid democratic expansion in Africa has coincided with the region's most precipitous decline in conflict. Similarly, Africa's consolidating democracies account for less than a percent of the continent's refugees and internally displaced population.

The steady economic growth in Africa's democracies translates into improved living conditions for their citizens. Infant mortality rates, a proxy for many other measures of well-being, have declined by 13 percent among consolidating democracies since over the past 15 years, on average. This is despite starting from lower (i.e. superior) initial levels than the other regime categories. Conversely, even though they began with higher levels, infant mortality rates under Africa's autocratic governments, have been modest, posting median changes of only 6.6 percent during this time. Similarly, cereal yields in African democracies have improved by 26%, on average, since the early 1990s – twice the rate of improvement for autocracies. This is particularly relevant in that 70% of Africa's population relies on the agricultural sector for their livelihoods. This pattern of superior development performance by democracies is robust globally (Halperin et. al 2004).

In short, even with the massive oil revenues that have flowed into government coffers in recent years, the vast majority of citizens in autocratically-governed countries such as Chad, Cameroon, Equatorial Guinea, Swaziland, and Angola have seen little improvement in their standards of living.

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[2] The coefficient of variation (the standard deviation over the mean growth rate) for the 1990-2004 period for democracies was 1.14 and 5.9 for autocracies.

These patterns should not come as a surprise. Government is a mechanism for setting priorities and allocating limited public resources in a society. The incentives governments face to retain power shape these priorities. Governments that depend on popular support and are required to operate in an environment of transparency are likely to place greater emphasis on public goods and services that benefit a greater share of the population. Governments that instead rely on elite political, military, and business networks logically respond to these interests (Bueno de Mesquita and Root 2002).

LINKS BETWEEN AID AND DEMOCRACY

Aid to support democracy has grown twenty-fold since 1990. This aid is provided in some form by all OECD countries. The European Union is the largest single funder of democracy promotion activities with over $1 billion in annual commitments. The United States provides some $850 million in democracy aid annually. Democracy promotion has also become an important focus for several leading multilateral agencies. The UNDP now provides technical support to strengthen institutions of democratic governance in some 70 countries. The European Bank of Reconstruction and Development (EBRD), the sole multilateral development bank established after the end of the Cold War, has also been a leader in pushing for democratic reforms. Unique among the multilateral development banks, the EBRD explicitly lists the expansion of democratic governance as one of its two overarching objectives (the other being the development of market economies).

The United States' Millennium Challenge Corporation (MCC) is a new development initiative aimed at rewarding developing countries that rule justly, support economic rights, and invest in their people. In this way, the MCC operates on a basis of selectivity. It does not impose conditions but allows countries to self-select on the criteria the MCC organizers feel will lead to the best prospects for aid effectiveness. So, while primarily intended for economic development, these funds have the effect of rewarding countries that are taking concrete steps towards democracy.

While democracy promotion aid has grown in volume and diversity over the past two decades, these activities still comprise less than 10% of overall aid funding. To put this in perspective, the average recipient of USAID democracy promotion funding receives roughly $2.1 million a year (Finkel et. al. 2006). Moreover, despite the upsurge in democracy-related funding, even since the end of the Cold War, ODA (as a share of GDP) allocated to Africa's democracies and democratizers is no larger than commitments made to semi-authoritarians at similar income levels (Siegle 2006).

Does aid help the democratization process? Relatively few studies have looked at this question rigorously. This is partly due to the qualitative and non-linear nature of democratic progress. In other words, it is hard to measure the opening of democratic space, leadership development, or strength of civil society. It is even more complex to delineate how aid for independent media, parliamentary strengthening, or the creation of small business associations, for example, contributes to the aggregate democratic picture. Even so, understanding has been constrained by the fact that few democracy promotion projects conduct serious impact evaluations. Of the qualitative academic studies done, the general consensus is that aid has only a marginal effect on democratic progress. The positive effects of democracy assistance are, for the most part, seen in cases where there is already the political will to reform (Carothers 1999). Domestic factors, it is felt, especially intangibles such as political leadership, are the critical determinants of democratic outcomes (Remmer 1995).

The few cross-national analyses of aid's impact on democracy attain mixed results (Knack 2004; Paxton and Morishma 2005). Two studies that focus on Africa both find a positive impact of aid on subsequent democratization. Interestingly, aid was found to be most relevant to African democratic transitions when accompanied by domestic pressure (e.g. protests). In other words, autocracies reformed not only because of international leverage but due to increased vulnerability to popular resistance (Bratton and van de Walle 1997; Goldsmith 2001). Many of these cross-national studies must be read with caution, however, as they do not distinguish between Cold War and post-Cold War aid, different types of economic aid, or between economic and democracy assistance. To be fair, this is largely due to the fact that donors do not typically disaggregate their annual country-specific allocations.

One analysis that stands out for its rigor and level of detail was done by a trio of independent researchers who were provided access to disaggregated USAID aid allocations from 1990-2003 (Finkel, Perez-Linan, Seligson, 2006). This study finds that USAID democracy and governance (DG) funding has a robust statistically-significant positive effect on subsequent levels of democracy, controlling for a range of other factors.[3] Specifically, every million dollars of DG funding is linked to a 33-50% increase in the *rate* of democratization than would have been realized otherwise. *For Africa and Asia, the DG effects are roughly double the baseline.* (The effects for Eurasia and the Middle East are not statistically significant). This result holds when lagged by 1-2 years, confirming that the effect is of DG assistance on subsequent levels of democracy, not the other way around.

The Finkel et. al. study also found positive results at the sub-sector level for elections, rule of law, civil society, media, and governance funding. In other words, in addition to generating a significant effect on overall levels of democracy, DG funding for given sub-sectors were linked to improved subsequent performance in those respective sub-sectors.

Interestingly, the study also finds that one of the most powerful determinants of democratic change is the regional level of democracy. This "diffusion" or "neighborhood" effect shows that every one standard deviation improvement in the regional level of democracy is significantly linked to an improvement of one-fifth a standard deviation in an individual country's score.

Further evidence of neighborhood effects is emerging from analyses of the MCC. Indeed, in addition to rewarding developing countries that are making greater headway on democratic and economic reforms, one of the objectives of the MCC's performance-based approach is to strengthen incentives for non-qualifiers to undertake reforms as well. While the MCC only

[3] Notably, USAID's non-DG funding was not significant in explaining democracy outcomes. Similar results were observed for non-USAID U.S. government economic assistance and for an aggregate of other donor assistance. Since OECD ODA statistics currently do not break out DG funding from other types of aid, it is reasonable to expect a similarly positive result exists for non-U.S. DG funding.

signed its first compact in 2004, some indications of the "MCC effect" are already visible. More than two dozen governments have sought meetings with the MCC management to review why they did not qualify under the MCC's eligibility criteria and to determine what reforms they needed to implement to do so. To facilitate this momentum for reform and build a bridge between the qualifiers and near-qualifiers, the MCC has instituted a "threshold" program that provides grants for near-qualifiers to work on specific areas of weakness (most commonly corruption) that are blocking their accession.

The MCC is also intended to provide incentives for qualifying countries to sustain their reforms. The most rigorous cross-national study of these effects thus far finds that MCC-eligible countries have made a 25% improvement in the independently-determined measures of good governance relative to non-candidate countries in the same income threshold since the MCC was created (Johnson and Zajonc 2006). Notably, half of MCC-eligible countries are in Africa.

In addition to the neighborhood effect, economic growth and political violence were the other key contextual factors that showed a statistical relationship with democracy outcomes. The finding that economic growth sustains popular support for developing country democracies is consistent with other research (Przeworski et. al. 2000). Moreover, since 90% of all democratic backsliding in Africa occurs in democratizers experiencing stagnant economic growth, the importance of stimulating development in young democracies is vital (Halperin et. al. 2004). Unsurprisingly, political conflict and violence is significantly and negatively linked to a country's level of democracy.

ILLUSTRATIONS OF AID EFFECTIVENESS ON DEMOCRATIZATION

The available evidence suggests that aid can have a positive effect on subsequent levels of democracy especially in Africa. And given the importance of neighborhood, any progress that aid may have in advancing democracy in one country likely has ripple effects. We turn now to some specific illustrations to flesh out how this link occurs in practice.

Bear in mind that democratic transitions in Africa unfold in contexts of severe economic privation. The typical African democratizer begins its transition with a per capita income of $250.[4] Moreover, as in other regions, democratizers in Africa usually inherit rapidly deteriorating economic conditions that greatly increases the risks of democratic reversals. In short, African democratizers must navigate major political and economic transformations simultaneously – with minimal margin of error. For this reason, the illustrations below attempt to capture the benefits to democratization resulting from both economic as well as democracy promotion assistance.

Benin

In the late 1980s, Benin had a Marxist-oriented military government and economy that had been in place since 1972. The regime led by Mathieu Kerekou operated in the clientelistic pattern of many African governments of the time – directing resources to loyalists in the military and party as a means of ensuring the support needed to retain power. By the late 1980s this system was no

[4] The global median per capita income is $2,022.

longer supportable. The economy had shrunk by nearly 12% from 1986-1989 (to a per capita income of $300), debt had grown to $110 million, most publicly-run enterprises had to be shuttered, and the government was unable to pay salaries. Protests led by students, civil servants, and unions grew in size and frequency.

In response to these pressures, the Kerekou government agreed to IMF-negotiated reforms in 1989 aimed at moving the country away from its command economy. This was coupled with clear signals from donors, particularly France, that additional funding support was contingent on political reforms. In response to domestic and international pressure, and believing he could manage the reform process, Kerekou called for a National Conference of civic and political leaders in February 1990 that would discuss the country’s future. However, momentum for reform had already reached a tipping point. In a now historic series of actions, once convened, the National Conference declared itself sovereign, suspended the constitution, dissolved the national assembly, and created the post of prime minister and an interim government. A roadmap of transition developed at the National Conference culminated in presidential elections in March 1991 and the eventual replacement of the Kerekou government with a democratic authority. This marked the first time in mainland Africa that a national political leader was peacefully supplanted as a result of the expressed will of the people (Bratton and van de Walle 1997).

Delegates to the National Conference simultaneously affirmed moving the country toward a market-oriented economy. This is relevant since Benin’s willingness to pursue economic reforms opened up infusions of aid that it would have been unlikely to receive if it had solely pursued political change (Gazibo 2005). Multilateral aid to Benin tripled between 1988 and 1990 and was sustained (at an average of $100 million per year) through the mid 1990s. The United States cancelled Benin’s debt (one of the first countries to have this done). Bilateral aid, similarly, was sustained at an average rate of some $140 million through the 1990s. In this way, Benin enjoyed external support akin to the East European democratic transitions of the same period.

The timely and substantial response by external donors to Benin’s democratic transition is credited by most scholars with linking democracy to improvements in living conditions in the minds of many Beninese (Gazibo 2005). Civil servants, teachers, and students who had led the protests to oust the military government tasted a tangible outcome to their efforts – the resumption of regular paychecks. Donor resources also enhanced the ability of the transitional government of Nicephore Soglo (who later went on to serve a full term as president) to pursue needed institutional reforms in a stable and politically supportive environment. The local press credited the transitional government with having accomplished the “work of Hercules” (Gazibo 2005). By the time Sogolo’s presidential term ended in 1996, Benin had enjoyed six years of positive economic growth. Strikes and other social protests grew rare. Benin’s democratic institutions, furthermore, consistently deepened in the years after 1991, including an alteration of power in 1996.

In short, external aid contributed to Benin’s positive democratization experience by providing a substantial early infusion of resources that generated tangible benefits to a beleagured society. This gave substance to the notion that there would be a “democracy dividend” for further reforms. This support was sustained over the course of the next decade, facilitating the difficult institutional changes that were required. For its part, Benin maintained its commitment to adopt both the economic reforms and democratic institution-building goals it had set.

Niger

Benin and Niger faced similar challenges and circumstances in the late 1980s prior to their embarking on democratic reforms. However the post-Cold War democratic trajectories of the two countries have varied markedly. While Benin undertook fundamental democratic reforms early on that were sustained, Niger has lurched unevenly in its democratization efforts. As with Benin, Niger's post-Cold War democratic opening occurred during a period of economic duress. Per capita incomes had declined by 30% during the 1980's (to $200) – greatly aggravated by the sharp decline in uranium revenues on which Niger relied for 75% of its state revenues in 1980. Structural adjustment agreements with the IMF in the 1980s staved off some of the worst repercussions of this contraction. Nonetheless, debt service requirements averaged over seven percent of gross national income. Salaries and subsidized school fees were reduced angering unions and students. Protests turned into organized opposition to the authoritarian regime of Brigadier General Ali Saibou.

In contrast to Benin, the Saibou government strongly resisted popular pressure for reform. This prevented a quick democratic breakthrough and dashed Niger's opportunity to be seen as a democratic pioneer on the continent. Rather, it took until 1993 before founding elections were held. Moreover, Niger lacked the strong consensus to embrace market-oriented economic reforms. The National Conference was dominated by unions who strongly opposed the new structural adjustment packages proposed by the IMF. The first democratic government, a two-year transitional administration elected in 1993, led by socialist Mahamadou Issoufou, was similarly reluctant to implement the IMF reforms.

This ambivalence contributed to a dramatic fall-off in donor support following Niger's founding elections in 1993. Bilateral aid dropped by more than 50% from 1994 to 1995. By 2000, bilateral aid was a quarter of what it was in the early 1990s. Multilateral aid also dropped after 1992 – by 25% - remaining at that level for five years. It wasn't until 1995, following the election of a second democratic government that IMF support was negotiated. This delay cost the young democratic government access to important external financial flows during the apex of domestic and international enthusiasm for democratic change. Opportunities to address pressing social challenges, demonstrate democratic responsiveness, and pursue more substantive democratic reforms were lost. Rural areas became more marginalized, arrears for salaries and student bursaries grew, youth unemployment rose as did problems in the health sector (Gazibo 2005).

The decline in external funding coincided with a period of economic crisis, exacerbated by plummeting prices for uranium, Niger's main export earner. Economic growth dropped by 9% in 1992 then stagnated until 1998. Inflation spiked to 40% in 1994. Social and political instability ensued. Issoufou was forced to resign in 1994. Strikes and confrontation between the government and unions grew in intensity through 1995. Then, in January 1996, the military took power in a coup. An inability to address the economic tailspin and social tensions led to a second military coup in 1999. Recognizing the need for political legitimacy to forge a way forward, a democratic regime resumed power in early 2000. This has led to an improvement to the political environment. However, Niger's economic recovery – and, consequently, democratic transition – remain fragile.

Mali

Under Moussa Traore's 23 year one party military rule Mali endured ever-deepening economic malaise. Between 1980 and 1990 alone, per capita incomes shrunk by 20% - to $250. Gross macroeconomic mismanagement, in part to support an extensive patronage network, generated a national debt equal to 98% of GDP. Despite these dysfunctions, aid flows to Mali during the 1980s averaged 15-20% of GDP, though were ineffective in stimulating reforms.

With the fall of the Berlin Wall and calls for political liberalization in Africa, Traore's government was forced to tolerate some independent press and political associations in 1990. Despite these concessions, Traore insisted that Mali was not ready for democracy. Widespread public dissatisfaction led to antigovernment protests supported by students, labor unions, and civic organizations, which were brutally suppressed resulting in the deaths of hundreds. Four days later, on March 26, 1991, 17 reform-minded military officers arrested Traore. The officers joined with a coalition of opposition parties to appoint a caretaker civilian government. On June 8, 1992, Alpha Oumar Konare, a former archeology professor, was inaugurated as the president of Mali.

Konare set out an active reform agenda that involved rooting out corruption, ending entrenched patronage, increasing taxes, scaling back public expenditures, and privatizing a number of public enterprises among other reforms. Donors responded positively during this critical early period of Mali's democratic transition. From 1992 to 1994, development assistance increased to 25% of GDP. This provided the new democratic government with much needed capital to launch a drive to increase primary school enrollments, improve the public healthcare system, and ensure the availability of essential drugs in the midst of the economic restructuring. Acting quickly, the IMF signed a three year enhanced structural adjustment loan with Mali in September 1993, which preceded a 50% devaluation in the CFA in January 1994 and thus soften the blow of the monetary alignment.

Nevertheless, the drop in purchasing power caused by the devaluation sparked protests and strikes. Six deputies from the left wing of Konare's party resigned. Several government supporters' houses were burned. Speculation was rife on an impending military coup. Even Konare acknowledged "a big risk of a social explosion," stressing the importance of foreign aid to help Mali's democracy. "In a new democracy, the road is never a royal one," adding that "democracy is a process that must be allowed to be self-correcting" (Press 1994).

The economy responded to the reforms and by 1994 had achieved real growth of 2.5%. Inflation was brought under control, declining from 23% to7% by 1996 (IMF 1995). Between 1992 and 1996 cereal yields improved by 40%, raising living standards for the three-fourths of the population reliant on farming. Infant mortality rates declined from 150 to 118 deaths per 1,000 births. Primary school enrollment rates doubled. In a survey in 1996, 70% of Malians rejected the prospect of a return to one party rule even "if the democratic institutions ceased to function" (Bratton 2004).

Konare was reelected in 1997 against a collection of opposition parties aligned with the former ruling party. The voting process was not without flaws, however. Eager to maintain international credibility, Konare agreed to reschedule the elections. Despite calls by the opposition for a suspension of the electoral process and a series of attacks on government offices, Konare won with 84% of the vote.

The IMF extended three additional loans to Mali from 1996 to 1999 totaling $110 million to combat corruption, improve the efficiency of the state bureaucracy, ensure tax compliance, and strengthen judicial institutions. Demonstrating his commitment to accountability, Konare fired his long-time appointed prime minister, Ibrahim Keita, after he was implicated in a corruption scandal in 2000 (Smith 2001). Mali became eligible for debt relief under the World Bank's Heavily Indebted Poor Countries program in 1998, qualifying for $870 million in debt forgiveness in 2000 – out of a total debt burden of $2.9 billion.

With Konare's two-term limit ending, Amadou Toumani Toure won a runoff election with 64% of the vote in May 2002. He defeated the governing party candidate, leading to a successful transfer of power between parties.

In short, timely and sustained development assistance provided to Mali's new democracy – one of the poorest countries in the world – enabled the simultaneous pursuit of economic reforms, poverty alleviation, and the building of democratic institutions. This support allowed time for the reforms to take effect, while maintaining popular support for the democratic transition.

ANALYSIS: WAYS IN WHICH AID HAS HELPED DEMOCRACY ADVANCE IN AFRICA

Success or failure of democratic reforms is ultimately a domestic matter. Nonetheless, Africa's democratic experience has regularly been shaped by external actors – both positively and negatively. This appears to hold true for aid, as well. External aid is regularly cited as a vital factor in helping Africa's new democratic leaders successfully navigate the jagged shoals of political transition. There are multiple channels by which this impact is effected – though their relative importance changes over the course of a democratic transition. Indeed, some argue that aid's potential impact on democratization is greatest at the early stages of liberalization, when the resources and inertia for change are lowest (Brown 2005).

Two keywords of aid's impact on democracy emerge from this review: *timeliness* and *sustained support*. Opportunities to advance democratic reform occur within discrete temporal windows in the midst of a rapidly evolving patina of conflicting economic, security, social, political and bureaucratic pressures that typify periods of transition. A window of change that is open today may be closed in another 3 months. For aid to be effective, it must be available at the right times to take advantage of these windows – not when the wheels of the aid bureaucracy kick into gear. Meanwhile, building democratic institutions takes time. For aid to contribute to successful democratic transitions, it must be sustained so that this institution-building can take hold. In particular, donors must recognize that founding elections, while critical, typically occur toward the beginning not the end of the transition process. Sustained support over the next 10-15 years is then required to build and solidify the institutions needed to build and maintain new democratic practices of transparency, checks and balances on power, popular participation, and political competition.

Drawing from the illustrations, specific ways in which aid supports democracy will be discussed in the general chronology of the transition process:

Creating a Democratic Opening

Aid plays a positive role in the earliest stage of the political liberalization process by helping to create democratic space. While the principle of aid conditionality has come into disrepute, political conditionality has been instrumental in nudging autocratic leaders in Africa to legalize multipartyism, tolerate the emergence of civil society and independent media, and depoliticize regulatory oversight, among other reforms. In the case of Benin, the promise of aid was a crucial consideration in the Kerekou regime's decision to allow the National Conference that ushered in democratic reforms to take place.

The flipside of this is that withholding aid from autocratic governments increases the costs for failing to reform. (No doubt this incentive is less powerful for the growing share of hydrocarbon-rich autocracies that remain in place on the continent). Nonetheless, aid provided to autocracies without conditions has regularly been shown to extend their hold on power (Brown 2005). In such cases, aid feeds patronage networks and sustains power structures. In addition to overseeing sub-par development performance, autocracies that receive higher than median levels of economic aid are significantly more likely to be autocratic even 15 years after that aid is provided (Halperin et. al. 2004).

External aid is often the only source of funding for civil society in repressive states. Yet the emergence of civil society lays the groundwork for subsequent democratic institution-building. Democracy requires independent analysis, collective action, civic organizing, and facilitating popular participation to succeed. After years of autocratic rule, these attributes are likely to be weak. Civil society provides an effective forum for these capacities to be learned and cultivated. In addition to fostering the democratic values from which democratic systems can be more effectively sustained, civil society organizations play valuable oversight roles leading to greater transparency and effectiveness of public sector spending. The management and leadership skills developed within civil society, often among people heretofore excluded from positions of responsibility, represents the training ground for a new cadre of leaders that will populate a future democratic government.

Democratic Breakthroughs

After decades of autocratic rule, the emergence of competitive, participatory politics often occurs quickly. How political reformers take advantage of this fluid period will set the trajectory for the longer-term transition. This is also the most fragile period of the democratization process. The previously dominant party structure is likely well-endowed and organized – and strongly motivated to see the new democratic experiment fail. Aid can play a valuable role at this early stage of a transition by helping to level this playing field.

There is the practical matter of holding credible, multiparty elections in a society that has not had much if any experience in this regard. Donor funding and technical assistance for independent electoral commissions and other electoral activities have been critical to undertaking this essential democratic function in many African democratizers, most recently in the Democratic Republic of Congo, Liberia, and Burundi.

At the same time aid can inadvertently set back democratization in the breakthrough stage by pushing for elections too rapidly. This occurs when donors get ahead of domestic constituencies for reform in the haste to see a legitimizing process for the national leadership. Yet when elections are held before opposition parties are well organized, grassroots' networks have been built, media coverage is balanced, and electoral commissions are reasonably staffed, among other things, it is to the advantage of incumbents. If donors then pull back after the first founding election, as they have a tendency to do (Pei and Lyon 2002), they could have the worst of both worlds – an autocratic government with the veneer of legitimacy and a fragmented opposition. In such cases, rather than facilitating democratization, aid will have effectively helped propel semi-authoritarianism.

Emerging democracies in Africa must also typically begin life in the economic emergency room. New democratizers that take over from autocracies typically face growth rates that are contracting and, on average, two percentage points smaller than other democratizers – the autocratic hangover (Siegle 2007). New democratic leaders are often further handcuffed by enormous inherited debt – and debt service requirements that consume a large share of the discretionary budget. On average, this burden represents a full percentage point of GDP more than the typical developing country (Halperin et. al. 2004). Yet, hopes and expectations that democracy will bring immediate relief are great. New democratic leaders, therefore, are under great pressure to deliver and do so quickly – even though they have limited resources with which to maneuver.

Timely infusions of aid during this early period of change are enormously helpful in bridging this gap between expectations and resources. By visibly addressing some high priority needs for the population, it can help signal a new government responsiveness – marking a clear break from past practice. In the process, popular support for democratic change during the difficult early years of a democratic transition can be sustained. Recall, it is during this initial six year period of transition that most democratic reversals occur – often precipitated by coup-makers that play on the social discontent facing new democratic leaders. Suspending, and eventually eliminating, the odious debt accumulated by previous autocratic governments – resources that were not invested in the public interest but are now public obligations – can free up considerable resources. Allocating additional aid resources into these highly-indebted countries may require OECD governments to revise statutory prohibitions against providing new funding to countries with a history of corruption. This process normally takes several years – invaluable time during the crucial initial window of democratic reform.

In short, timely donor responsiveness to the development needs of new democratizers can contribute greatly to reversing the inherited autocratic malaise, addressing immediate social and economic concerns, demonstrating a new set of public priorities, and fostering greater social and political stability. In the process, greater public support and patience for democracy can be gained.

Sustaining Democratic Reforms and Building Institutions

Once a democratic transition has survived its initial turbulent period, the challenges slowly shift to sustaining enthusiasm for democratic reforms and strengthening the democratic institutions that will give democracy a stable future. This process typically unfolds over the period 5-15 years after a democratic breakthrough.

Maintaining momentum for democratic reform is a problem when democratic leaders become seduced by the power, stature, and (at times) enrichment created by their positions. Fervor for pursuing reforms wanes as skill at working the system to one's advantage advances. Leaders may then attempt to subvert the checks and balances that have been instituted to reassert more autonomy – or amend limits to extending their time in office.

There are three primary channels through which aid contributes to sustaining democratic reforms:

Generating a democracy dividend. Democratizers that have been on the democratic path for more than five years typically enjoy economic and social gains seven-fold more extensive than democratizers in the first five years of their transitions (Siegle 2007). By this time, democratic processes are becoming routinized and their procedures for setting priorities, facilitating two-way communication, investing in human capital, allocating resources for productive outcomes, self-correction, and adapting to evolving circumstances result in consistently better development. This results in improved living conditions for the majority of a population and, in turn, deeper popular support for the democratic process. A growing economic pie also generates additional revenues with which to compensate losers on a given policy issue so that political compromises can be brokered and polarization minimized. Indeed, there have only been a handful of cases of democratic backsliding in Africa during periods of positive economic growth.

The importance of economic expansion to sustaining democracy provides an incentive for donors to reward good democratic and economic performance. This would require adopting an alternate metric for allocating aid than the tendency to focus on the hardship cases. A graduated approach to aid would also encourage a shift towards leveraging private investment, expanding access to markets, and strengthening the capacity for trade. Democratizers that adopt robust democratic institutions, especially a free press and global standards of transparency would be touted as reliable targets of foreign investment by donor governments, international financial institutions, and investment rating agencies. Donors could simultaneously increase funding for their investment and facilitation agencies (in the U.S., this would mean expanding the Office of Private Investment Cooperation (OPIC) and AGOA). These initiatives would specifically seek out private investment and export opportunities in emerging markets with strong democratic institutions that could be leveraged with public investment. To the extent that this aid impresses upon democratic leaders during this transition period that personal and collective prosperity will be enhanced by maintaining a democratic trajectory, this aid also provides an incentive to stay on the democratic path.

Investing in Institutions. Democratization nearly always involves revamping entrenched dysfunctional economic and service delivery institutions that dominate under autocratic incentive structures. This requires more than institutional tinkering. Rather, fundamental change aimed at revising incentives, norms, and oversight in line with democratic principles is needed. Rooting out and delegitimizing corruption while simultaneously creating checks on anti-corruption agencies so that they are not primarily used to persecute political opponents is a particularly serious challenge for new democratizers. Indeed, a failing of democracy assistance is to see democracy promotion as primarily a technical exercise and treat the symptoms (e.g. training judges and journalists) while ignoring the more difficult root causes (such as government reluctance to accept independent judiciaries or media) (Brown 2005). Considering the full range of policies that can address these fundamental issues will increase the prospects that institution-building efforts will be meaningful over the long-term.

Valuing Legitimacy and Honoring the Process of Succession. While all new democratic leaders vow to adhere to succession guidelines, establishing the precedent of a sitting leader stepping aside is not to be taken for granted. The temptation of an individual leader to balk at moving on is understandable, though the short- and long-term effects on the democratic process of doing so are profound. Indeed a key measure of democratic maturity is whether leaders leave office at the appointed time and power is transferred to a new set of leaders in a stable and non-violent manner. Donors in Africa have had a direct hand in helping establish norms of succession. Working in concert with domestic reformers, donors have applied effective behind-the-scenes pressure to prevent incumbents from extending their presidential terms in Kenya 2001-2002, Malawi 2002-2003, Zambia 2001, and Nigeria 2006-2007. Donors have also been “guarantors” of democracy by encouraging electoral losers to hand power over to winners in the hope that they can win and attain legitimacy in the next elections (Brown 2005). Specifically, by threatening to withhold assistance if constitutional rules on succession are not applied, donors can affirm the value of legitimacy as a key consideration in their relations with democratizing leaders. In this way, aid buys leverage for sustaining democratic reforms over the course of a transition.

Consolidation

Democratic consolidation occurs when democratic rules for gaining and holding power become “the only game in town” in the eyes of political elites and citizens. The normative and collective perceptions defining this stage means consolidation ultimately depends on domestic dynamics. Aid contributes to the deepening of democratic values and institutions characteristic of this stage primarily by providing positive reinforcement for the political, economic, and security benefits that come with democratization. And while there is not a golden time threshold democratizers pass after which they are consolidated, the temporal dimension of the democratization process should not be underestimated. The percentage of democratizers that have experienced backsliding declines with time on the democratic path. Specifically, 65% of democratic backsliding in Africa has occurred during the first six years of a transition. Thirty percent has taken place in democratizers that have been at it for between 7-12 years. Backsliding after 12 years on the democratic road is rare. Only Gambia, which reverted to autocracy in 1994 after 28 years of democratic rule, has suffered this fate.

In terms of economic benchmarks, 90% of democratic backsliding worldwide occurs in countries with per capita incomes below $2,700. In Africa, the "wealthiest" backtracker, thus far, has been Congo in 1997 at $940. However, given Africa's thin democratic history, the income threshold a democratizer must attain before being relatively resistant to backsliding remains to be determined. Experience from other regions, however, provides a useful caution that the consolidation process is likely to be longer than most external actors are willing to support.

The MCC is a relatively new aid tool that has already had some impact on deepening democracy. By selectively rewarding countries that are ruled democratically, invest in their people, and protect economic rights, with relatively large aid "compacts" the MCC represents an attractive financial incentive for developing countries that are already on the reform track to stay with it. Anecdotal and empirical evidence suggests this is exactly what is happening. Efforts to score highly enough on the performance criteria has sparked a flurry of reformist activity. And since even countries that have qualified can be dropped if their reformist credentials dip, the incentives to deepen these changes are real. That these compacts must be approved by the recipient country's parliament builds further ownership and commitment to the project priorities designated. This mechanism, furthermore, reinforces democratic principles of popular participation and parliamentary oversight of the executive branch.

An illustration of how these incentives are affecting domestic politics comes from Armenia, where presidential contender Vartan Oksanian referred to the MCC funds when calling for increased openness in the upcoming election stating, "We are now in a situation where any step away from democratization and a repeat of electoral fraud would have an economic cost. And I can name that cost: 235 million dollars." Similarly, the author of the World Bank's *Doing Business* report observed that 80 percent of the countries that have carried out reforms to make it easier to start a new business claimed to have done so for the purpose of potentially receiving MCC funds (Johnson and Zajonc 2006).

CONCLUSION

Considerable qualitative and quantitative evidence suggests that aid has had a positive impact on democracy in Africa. This effect is not universal. In some cases aid may not make any difference on the democracy outcome observed. In others (including Benin and Mali), it has been indispensable in providing the time, space, resources, and guidance for a new democratic order to gain traction. Accordingly, in addition to the benefits, external actors should weigh the potential risks of failing to engage in a timely and meaningful manner with budding democratizers in developing countries buffeted by many other challenges.

Importantly, aid's effect on democracy may occur through multiple channels: directly – through democracy promotion assistance; indirectly – through economic assistance and policy reform that foster economic dynamism and the contributions to social and political stability this brings; and contextually – by shaping the environment for reform through incentives. Similarly, it is not just aid but external engagement more broadly that helps shape a global, regional, or national environment that is more conducive to democratization. Peacekeeping forces, trade, investment, and security interests also influence this environment. Even so, in no case is external engagement, by itself, sufficient. Democracy, by definition, demands self-governance. Regardless of how well targeted and timely external efforts may be, democratic advancement and consolidation is ultimately reliant on the commitment to democratic values and principles by domestic actors.

Noting this, several external strategies for fostering democratization in Africa appear to be particularly effective:

- Performance-based aid. Rewarding African governments that self-select in their commitment to democratic governance, transparency, and economic sobriety via MCC-like instruments can help these democratizers sustain their reform momentum by providing a tangible democracy dividend, create positive incentives for more reform within these countries and among neighbors, and strengthen democratic institutions and popular ownership of development initiatives by requiring parliamentary ratification.

- Curtail Aid Going to Autocracies and Semi-Authoritarians. A logical complement to performance-based aid is to restrict funds going to autocracies. Not only do these resources not have the developmental impact intended, more times than not, these funds end up supporting the patronage networks that keep these governments afloat. Stemming this flow will increase the cost these autocracies face to stay in power. In a similar way, donors need to take a more jaundiced eye of semi-authoritarians masquerading as democracies, particularly those whose transitions have "stalled" for more than five years. These governments are engaged in a form of democratic shell game – and OECD countries need not continue going along with it.

- Maintain high expectations for democratic reform. The neighborhood or diffusion effect has been a powerful force for democratic change in Africa. External actors should consider how they can maximize this effect by holding up the strong performers as the standard against which others will be compared. NEPAD and the APRM may prove valuable complementary elements in such a bar-raising strategy. Along the same lines, aid has been an effective means of political leverage for insisting that democratic leaders follow through on their commitments to step down at the end of their terms and instill the precedent of succession. Political conditionality has also proven to be an effective tool, in some cases, to foster more democratic space in autocratically-governed states. Given that a growing share of Africa's remaining autocracies are natural resource-rich, aid will not carry the same leverage it has in the past. In these cases, a variant of the neighborhood effects strategy would be to loudly trumpet democratic gains in neighboring countries as a means of accentuating peer pressure on these governments while increasing the exposure citizens of these countries have to alternative governance arrangements.

- Respond to democratic openings and breakthroughs with timely, meaningful support. More often than not, opportunities for democratic change emerge quickly. To have an impact in this critical period where aid can be decisive, donors should consider establishing democracy response accounts (akin to disaster contingency funds). This will enable more dexterity in these critical first weeks and months, when donors typically sit on the sidelines. Such accounts would be accompanied by legal waivers that would enable timely funding commitments to countries that are currently barred from receiving new aid allocations due to their history of mismanagement. With several of Africa's long-time autocratic leaders nearing the end of their lives and succession crises looming, such accounts coupled with thoughtful intervention strategies, could increase the prospects these countries will one day join the democratization path.

- Sustain support to democratizers. Building the democratic institutions and culture that leads to consolidation takes time. There is no getting around this. External actors interested in advancing democracy in Africa should be prepared to invest in this process for at least 12-15 years after a democratic breakthrough. For the poorest and post-conflict democratizers, this period will likely be longer. This engagement should be progressive. As the transition advances, emphasis should shift away from aid toward trade, investment, and incentives for ongoing reform.

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